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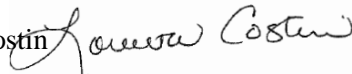
Loretta Costin, Chancellor
Division of Career and Adult Education



October 6, 2011

MEMORANDUM

TO: Adult Education Directors (District and College)
Adult Education Community-Based Organizations

FROM: Loretta Costin 

SUBJECT: Program Income – **REVISED from September 26, 2011 Memorandum**

Background

The 2011 General Appropriations Act amended the tuition and fees policies for adult education. Effective July 1, 2011, a block tuition rate of \$45.00 per half year, or \$30.00 per term will be charged to students enrolled in adult education. Out-of-state tuition is \$45 per half year plus an out-of-state fee of \$135 or \$30 per term plus an out-of-state fee of \$90. Tuition collected must be used to assist adult students in becoming literate, obtaining knowledge and skills necessary for employment and self-sufficiency, obtaining the education skills necessary to become full partners in their child's education, and completing their secondary school education [Adult Education and Family Literacy Act (AEFLA) Section 202]. The purpose of this Memorandum is to clarify the relationship between tuition and program income.

Tuition and Program Income

Tuition collected is considered program income under the Education Department General Administrative Regulations (EDGAR) at <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.pdf> and the Florida Department of Education's (FDOE's) Project Application and Amendment Procedures for Federal and State Programs (Green Book) at <http://www.fldoe.org/comptroller/gbook.asp>. Program income means gross income received by the grantee or subgrantee directly generated by a grant-supported activity, or earned only as a result of the grant agreement during the grant period [EDGAR §80.25 (b)].

If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income [EDGAR §80.25 (c)].

Processing Program Income

Subgrantees must, at a minimum, have two separate accounts: one account for Federal funds and one for non-Federal funds. Program income should be deposited into accounts based on a prorated amount.

In order to determine the prorated amount, a subgrantee must determine the total cost of running the adult education program. Then the subgrantee must determine how much of that total cost is supported by AEFLA funds. The percentage of the total cost of the program that is supported by AEFLA funds is the prorated amount that should be applied to all program income. See example below:

STEP 1

Calculate percentage of the total cost of the program supported by AEFLA funds:

$$\frac{\text{AEFLA Grant award}}{\text{Total cost of Adult Education program}} = \frac{\$ 62,500}{\$250,000} = 25\% * (\% \text{ supported by AEFLA grant award})$$

**If a subgrantee determines that AEFLA funds account for 25 percent of the total costs to run the program, 25 percent of tuition received should be deposited in the Federal funds account and 75 percent should be deposited in the non-Federal funds account.*

STEP 2

Costs incurred to generate program income may be deducted from gross income to determine program income.

Gross program income:	\$10,000
Costs incurred to generate program income:	- 2,500
Total Adult Education Program Income:	\$ 7,500

STEP 3

Determination of Program Income:

Total Adult Education Program Income:	7,500
Percentage supported by AEFLA grant	<u>x 25%</u>
Applicable program income	\$1,875

Applicable program income must be reported on the DOE 499, line 12. Program income deposited into the Federal funds account must be used solely and specifically for adult education allowable costs and under the terms and conditions of the grant. Tuition-Program income generated in the current fiscal year must be spent in the adult education program in the same year generated. ~~or, at the latest, during the ensuing program year~~ EDGAR §80.25(g). In addition, there is nothing in federal or state law that prohibits grantees from using Adult Education and Family Literacy Act (AEFLA) funds to pay for State tuition fees. Agencies should be cautious in using federal funds to pay for tuition, even though it is not specifically addressed in law or regulation.

Applying Program Income to the AEFLA grants:

There are no policies or guidance beyond EDGAR and the Green Book relating to program income generated by AEFLA supported programs. Both resources describe the two alternatives for applying

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program income to the AEFLA grants: (1) deducting program income from the total allowable costs to determine the net allowable costs, thus reducing the Federal agency or grantee contributions; or (2) adding program income to the funds committed by the grant, thereby increasing the total amount committed to the grant program.

According to the Green Book, program income may be added to the project only when prior written approval is obtained from the Bureau Chief of Contracts, Grants and Procurement Services. Requests should be directed to:

Florida Department of Education
Bureau Chief, Contracts, Grants and Procurement Management Services
325 West Gaines Street, Room 344
Tallahassee, Florida 32399-0400

If you have questions regarding program income, please contact Gloria Spradley-Brown, Bureau Chief at 850-245-9053 or via e-mail at Gloria.Spradley@fldoe.org. If you have questions regarding adult education policy changes on adult education block tuition, please contact Zelda Rogers, Director of Adult Education, at 850-245-9906 or Zelda.Rogers@fldoe.org.

Thank you.

LC/ei

Enclosure

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